

Tax Abatement Reporting in New Jersey

*The Governmental Accounting Standards Board (GASB) is the professional organization that establishes standards of accounting and financial reporting for state and local governments. In 2015, GASB added "[Statement No. 77 on Tax Abatement Disclosures](#)" to its Generally Accepted Accounting Principles (GAAP). GASB 77 requires state and local governments (including school districts) to report tax abatement programs in their annual comprehensive financial reports (ACFRs), specifying the **amount of revenue reduced or foregone** as a result of these tax abatements programs. This new rule, GASB 77, allows the public to see how much public-service revenue is lost due to tax breaks given to corporations. This road map highlights key people and organizations involved in the implementation of GASB 77, the reporting status of jurisdictions in the state, and other information relevant to GASB 77 compliance in New Jersey.*

Who in state government is most likely to influence GASB 77 disclosure? State Comptroller Kevin Walsh. The comptroller has responsibility for auditing local governments within New Jersey. The state comptroller is appointed by the governor and confirmed by the legislature to a six-year term. The State's Legislative Auditor is responsible for auditing the state, its agencies, and school districts (which derive more than 80% of their revenue from state aid).

Does the state's most recent ACFR include GASB 77 disclosure on state revenue losses?
Yes.

How many counties, municipalities and school districts in the state are required to conform with GAAP and therefore GASB Statements? According to GASB's [research brief](#) titled "State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting" (2008), all of the state's 549 school districts are required to comply with GAAP. However, none of New Jersey's counties or municipalities are required by state law to use GAAP accounting, though many large cities do, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings.

Is there a state office that collects Annual Comprehensive Financial Reports (ACFRs) from counties/cities/school districts? The State Comptroller collects municipal and county ACFRs and annual reports for the purpose of auditing them, as provided by state law (N.J.S.A. 52:15C-7). The State Comptroller does not post ACFRs online. The state's Department of Education [gathers and posts](#) ACFRs from New Jersey's school districts.

Does state government monitor fiscal stress within county/municipality/school district? New Jersey prides itself on having some of the [strongest local government oversight laws](#) (developed in the 1930s) in the nation. New Jersey is one of 22 states to operate programs to [monitor fiscal stress](#) among local governments, though it has not adopted rules for intervention.

Which state office is responsible for completing state’s ACFR? New Jersey Office of Management and Budget.

Which of the state’s five most populous counties, municipalities, and school districts reported GASB 77 disclosures in the [most recent ACFR available?](#)

Report Tax Abatements	Do Not Report Tax Abatements
Toms River Township	City of Newark
Middlesex County	Jersey City
Newark Public School District	City of Paterson
Elizabeth Public School District	City of Elizabeth
Jersey City Public School District	Bergen County
Edison Township School District	Essex County
State of New Jersey	Ocean County
	Paterson Public School District

Does the state government or do academic/NGO institutions provide technical assistance on GAAP, GASB or completing ACFRs? The state’s [Division of Local Government Services](#) in the Department of Community Affairs is tasked with disseminating information pertaining to audit standards and new issues that could include GASB 77.

Who commented on the GASB 77 Exposure Draft from New Jersey?

- New Jersey Policy Perspective joined two other state fiscal policy groups and a small business organization in [calling for](#) inclusion of personal income tax diversion-based abatements in GASB 77.
- New Jersey Policy Perspective joined another state fiscal policy group and a state-based teachers union in [calling for](#) inclusion of TIF diversions in GASB 77.
- The South Orange-Maplewood Board of Education submitted as a [comment](#) a board resolution calling on GASB to include PILOTs as a required disclosure and to disclose the names of subsidy recipients.
- Rutgers Professor Julia Sass Rubin joined 47 others distinguished academics in a [comments](#) broadly supporting GASB 77.

For more information on GASB 77, visit goodjobsfirst.org/tax-abatement-disclosures

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